

1 **Q. Please confirm that Newfoundland Power is seeking final approval of its rate of**  
2 **return on rate base and a finding of fact that 7.38% return in range of 7.20% to**  
3 **7.56% is just and reasonable for 2016. If so, please explain how accepting capital**  
4 **expenditures in the absence of a prudence review is consistent with “regulatory**  
5 **principle and practice before the Board.”**

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7 A. Newfoundland Power is looking for final approval of its allowed return on rate base for  
8 2016.

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10 The Board routinely uses forecast capital expenditures which have not been approved  
11 pursuant to Section 41 of the *Public Utilities Act* in establishing a prospective rate of  
12 return on rate base for Newfoundland Power.

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14 For example, in Order No. P.U. 23 (2013), the Board approved Newfoundland Power’s  
15 2014 return on rate base based upon a forecast rate base which included forecast 2014  
16 capital expenditures which had not yet been approved under Section 41 of the *Public*  
17 *Utilities Act*.

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19 For further information relating to regulatory principle and practice before the Board,  
20 refer to the responses to Requests for Information PUB-NP-007, PUB-NP-008 and  
21 NLH-NP-053.